

**Palace Theater
Waterbury, Connecticut**

Appropriations Committee Hearing 12/9/09

On behalf of the Palace Theater in Waterbury Connecticut, I would like to take this opportunity to express my appreciation for the difficult decisions this committee faces. As proposed in the Governor's November 24th Deficit Mitigation Plan, the Palace Theater like many other arts and cultural organizations is slated to experience an additional 35% decrease in State support, on top of the 5% rescission that already took place, above and beyond the original 10% reduction from last years allocation. In total, the proposed reduction in funds to the Palace Theater over this one year period of time is approximately \$210,000 or 18% of its contributed income.

Proudly, the Palace has worked to significantly reduce its level of dependence on State support, by increasing its own corporate, individual and foundation fundraising efforts. And in just three years, from 2005-2008, the Palace has been able to mitigate the dramatic \$385,000 reduction of State support while actively striving to build a break-even/self-sufficient organization.

Unfortunately, the largest challenge for the Palace Theater lies in this current fiscal year 2009-2010; where in response to the faltering economy, the Palace has already incorporated a staff-furlough program and an extensive expense reduction plan to meet its 09-10 budget, which was originally based on the August 2009 State budget inclusive of \$427,500 in State support. Now with the Governor's 5% rescission taking place and the potential of another 35% cut, the Palace's ability to yet again absorb these additional cuts seems unlikely without significantly impacting the nature of our business with staff layoffs (State unemployment increases), resulting in reduced programs (quality of life decreases). This downward trend will just continue a lack of consumer confidence and will further the State from its ultimate goal of getting back on a positive track.

It is widely believed that in order to stimulate a lagging economy, important economic drivers such as the Palace Theater, should not see funding cut, but should further be supported as its positive economic impact is far reaching and long standing. Consider the Palace:

- which employs 250 full-time, part-time and seasonal workers
- welcomes annually 130,000 patrons to its venue
- provides high quality arts and educational programs to the general public and to its area schools
- has been directly responsible for a 30% increase in restaurant activity in the Greater Waterbury area
- annually generates over \$2 million dollars in ancillary revenue in its surrounding community, \$15 million since its doors opened in 2004
- and has significantly improved the quality of life in the Greater Waterbury, New Haven, Fairfield and Litchfield counties

When you consider what will help foster positive economic growth, arts and cultural institutions, such as the Palace, are very effectively achieving this important goal.

Should further funding reductions be implemented, the Palace would be required, beyond its furlough program, to actually eliminate staff positions, reduce its programmatic objectives and cut back on its arts and educational initiatives. This significant course of action would continue the State negative trend and stifle growth and hopes of a speedy recovery. As we are all working together to survive this financial and economic crisis, and as you consider the budgetary challenges ahead, please keep in mind that in order to break this downward spiral we need to take leadership action that causes a positive catalyst to improving our current position. Continuing to support the arts and the Palace is one of those steps that could help stabilize our economy.

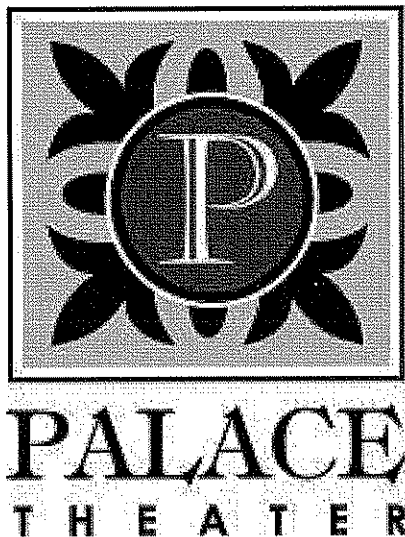
The Palace Theater has always believed that self sufficiency from State support was/is in its best interest. Yet the Palace also always believed that time and commitment from the State on creating a viable plan for reduction of support would best insure the State's \$30 million investment in the Palace Theater. The implementation of mid- year budget reductions (such as what is being proposed) comes with it incredible risk and volatility, as most organizations such as the Palace have already budgeted for programs and have made commitments to fulfill their organizational missions. The proposed time of these reductions, does not allow the Palace the ability to plan accordingly for such a significant drop in financial support.

The Palace would welcome the conversation with this committee to discuss budgetary changes and alterations for the following fiscal year, allowing us to adequately budget and plan for our long term success not insure our failure.

Again I thank you for you continued support and hope that you agree that the Palace Theater, beyond its large stage productions, its educational initiatives is an economic asset that needs to be protected. My hope is that we can continue to rely on support from the State and the legislative body, prevent and further funding reductions.

Thank you,

Frank Tavera
Chief Executive Officer
Palace Theater
100 East Main Street
Waterbury, CT 06702
203-346-2007
tavera@palacetheaterct.org



**Appropriations Committee
Public Hearing
December 9, 2009
Palace Theater – Waterbury, CT**

In November 2004, the Palace Theater in Waterbury once a 1922 movie/vaudeville house reopened its doors after 18 years of being dark and a \$30 million dollar investment made by the State of Connecticut. This investment was part of a larger effort to initiate the cultural, educational and economic revitalization of the City of Waterbury and the Greater Waterbury Area.

The Palace Theater Board of Directors and its staff have fully embraced the challenge of reinvigorating the Greater Waterbury community through the presentation of the arts and educational programs. Thus, the Palace Theater Board has appropriately adopted the following Vision and Mission Statement that clearly reflects their focus on success and Corporate Objectives that define achievable goals to insure that the State of Connecticut's investment in the Palace Theater is one that bears its intended fruit.

VISION STATEMENT

The Palace Theater will stimulate a cultural and economic renaissance in the region through the celebration of arts, education and community initiatives. Revered as a treasured jewel this grand performance space will not only inspire lasting memories but will become the preferred venue for performers and patrons alike.

MISSION STATEMENT

To build a strong sense of community and an appreciation for the arts by operating, maintaining and sustaining the Palace Theater as a financially viable not-for-profit performing arts center that provides positive artistic, cultural, educational, social and financial impact to the Greater Waterbury area.

CORPORATE OBJECTIVES

- To serve as presenter/promoter of music, dance, theater and other art forms that benefit the citizens of Greater Waterbury area.
- To help build an appreciation and increased capacity for the areas' local arts organizations through programmatic partnership, collaborations and alliances.
- To work closely with Waterbury Performing Arts Magnet School, the University of Connecticut and other educational institutions on the development of an appropriate and exemplary arts and education program.
- To promote and encourage cultural diversity through its menu of presentations.
- To exist as a not-for-profit corporation that relies on both earned and contributed income in order to remain financially viable and a breakeven or better enterprise.
- To engage in fundraising initiatives through the private and corporate sectors in order to mitigate any municipal financial reliance.
- To serve as a catalyst for the revitalization of downtown Waterbury area by working closely with area businesses and arts organizations to positively impact economic development for the region.
- To capitalize on the newly restored historic facility to make it a centerpiece and landmark for the Waterbury Downtown area.

Consistent with the State of Connecticut's Office of Policy and Management protocol for Results Based Accountability (RBA), the Palace Theater has always fully accounted for not only, its financial support from the State of Connecticut, but has also always valued the need for self - evaluation and results based accounting. To that end, the following outlines the Palace Theater's self-evaluation relative to Results Based Accountability process.

What is the quality of life results to which the program makes the most important contribution?

Capitalize on the newly restored historic theater in an effort to provide a venue of the highest quality, to experience a broad range of artistic presentations, while successfully serving the patron base of the urban, suburban and rural communities in the Greater Waterbury, New Haven and Litchfield County areas.

Serve as a vehicle to deliver and enhance the academic experience, in and outside of the school system, through the thoughtful collaboration of arts and educationally integrated initiatives. Focus the delivery of these programs to the schools within the surrounding area and throughout the State in order to not only build a desire to learn, but an appreciation for the arts and a better understanding of social awareness.

Serve as an economic catalyst to the Greater Waterbury community that stimulates further business growth and makes the Greater Waterbury region a desirable place to live and work.

What is the program's purpose?

To serve as presenter/promoter of music, dance, theater and other art forms that benefit the citizens of Greater Waterbury area, while also promoting and encouraging cultural diversity through its menu of presentations.

To work closely with Waterbury Performing Arts Magnet School and other educational institutions on the development of an appropriate and exemplary arts and education program.

To serve as a catalyst for the revitalization of downtown Waterbury area by working closely with area businesses and arts organizations to positively impact economic development for the region.

Who are the program's major customers?

Given its central location in the State and convenient access from the major highways of Route 8 and Route 84, the Palace Theater continues to serve not only the Greater Waterbury region, but patrons within the following State counties:

New Haven County – 68%
Litchfield County – 22%
Fairfield County – 8%
Elsewhere Statewide and beyond – 2%

Palace Theater core audience base consists of residents from urban, suburban and rural communities and are traditionally represented from the following Top 15 Connecticut towns.

TOP 15 Towns (alpha order)

| | |
|--------------|-----------|
| Beacon Falls | Prospect |
| Bethlehem | Southbury |
| Cheshire | Thomaston |
| Litchfield | Waterbury |
| Middlebury | Watertown |
| Naugatuck | Wolcott |
| Oakville | Woodbury |
| Plymouth | |

Additional beneficiaries of the Palace Theater include local and regional businesses, including restaurants, hospitality and other service providers.

Given its extensive educational initiatives, major customers of the theater's arts and educational programs include teachers and students from a statewide audience base.

What measure do you use to tell if the program is delivering its services well?
How are you doing on the most important of those measures?

Repeat and sustainable patronage – prior to 2008-2009 economic slide, Palace Theater audience base for all its programs had consistently increased on an annually basis. (Traditionally 130,000)

Increase in geographic impact - since its opening the Palace has consistently broadened its market reach, via effective programming and marketing efforts. The result is that patrons attending Palace events are coming in from communities further out than in previous years, supporting the value of the programs offered.

Increase interest in arts and educational programs – the number of participating schools in our educational programs, the endorsement by the CT Association of Schools and active teacher attendance at Palace Theater sponsored Professional Development Workshops, is a testament to the programs success.

Increase in restaurant and hospitality business – local and regional restaurants have confirmed a 30% increased in food service since the inception of the Palace Theater. This supports the positive economic impact that Palace has had, as originally intended.

What measures do you use to tell if the program customers are better off?
How are you doing on the most important of those measures?

Relative to a not-for-profit theater, a measure whether customers are "better off" can be valued by donations and size of gift. Patrons, who do not value the service, do not traditionally show support via contributions. As the Palace had traditionally raised in excess of \$500,000 annually, this contributed income level is a measure of a successful program, relative to age of the theater and the size of its patron base. In order for the Palace to become self sufficient organization, the Palace needs to generate an additional \$450,000 in contributed income to offset potential lack of support from the State.

Who are the partners with major roles to play in doing better?

- Area corporations and businesses - In order for the Palace to succeed it must further develop relationships with corporations and the business community to enlist them in funding and supporting the theater to insure its long-term success.
- City of Waterbury and the Waterbury Board of Education
- State and Federal Granting Organizations and Foundations

What works, what could work, to do better or to do the least harm in a difficult financial climate?

Proactively the theater needs to work more closely with performing artists, negotiating affordable ticket prices and a viable point of entry for the patron that secures financial success of the presentation and a reasonable value proposition for the consumer.

Soliciting broader support from individual donors, businesses and philanthropic foundations.

What do you propose to do over the next two years? Focus on 1) no-cost and low-cost actions, 2) actions to reduce the harm of budget reductions, and 3) reallocation of existing resources to obtain best results

Reevaluate all current programs via cost benefit analysis. Prioritize those programs and focus on successful management of fewer events and initiatives.

Streamline the organization, while enhancing staff job functions to create more effective and efficient work force to maximize productivity and profitability.

SNAPSHOT OF PALACE THEATER ACTIVITY AND ANNUAL GROWTH

| | Total To Date | 2004/* 2005 | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 | 2008/ 2009 |
|---|--------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Number of Presentations | 455 | 63 | 90 | 100 | 104 | 98 |
| Paid Attendance | 565,000 | 100,000 | 105,000 | 120,000 | 130,000 | 110,000 |
| School Based Presentations | 166 | 28 | 31 | 36 | 36 | 35 |
| School Based Attendance | 93,000 | 18,600 | 15,410 | 19,000 | 20,000 | 20,000 |
| Contributed Income (Not including State Support) | \$2,650,000 | 538,000 | 476,000 | 588,000 | 527,000 | 522,000 |
| Economic Impact Based on \$21.00 per Paid patron | \$12 mill. | \$2.1 mill. | \$2.2 mill. | \$2.7 mill | \$2.7 mill. | \$2.3 mill. |

* 2004-2005 partial year (9 months)

THE PALACE THEATER – AS A PERFORMING ARTS CENTER

Since the Palace Theater reopened its doors in November 2004, it has presented over 455 events and boasts a comprehensive presentation schedule that not only compliments the presentations and performances offered by the areas educational and community groups, but rounds out the performance menu by offering a variety of art forms that appeal to a wide market and help to develop an appreciation of the arts through culturally and artistically diverse presentations. To date programmatic areas for the Palace Theater include the following, with some highlighted performance names:

- Children and Family events –
 - Sesame Street Live
 - Thomas the Tank
 - Bob the Builder
- Classical Music –
 - In partnership with the Waterbury Symphony Orchestra
- Classical Dance
 - Connecticut Dance Theater – Romeo and Juliet
 - Moscow Ballet's - Nutcracker
- Contemporary Dance
 - Pilobolus
- Opera
 - Maestro Coppola's – Madama Butterfly
 - CT Opera's – La Traviata
- Broadway / Theatrical Productions
 - Les Miserables
 - CATS
 - Mamma Mia
 - Hairspray
- Country Music
 - Willie Nelson
 - Kenny Rogers
 - Lonestar
- Films
 - The Sound of Music
 - The Wizard of Oz
 - It's A Wonderful Life
- Comedy
 - Bill Cosby
 - George Carlin
- And Popular and Variety Artists
 - David Copperfield
 - Kenny G
 - Aretha Franklin

Given the 455 presentations, the Palace Theater has attracted over 565,000 people to the downtown Waterbury area. Many of these patrons have frequented areas restaurants, shops and establishments, and have generated in excess of \$12 million dollars in ancillary spending in the community (based on CCT multiplier of \$21, per paid admission)

THE PALACE THEATER – AS AN ARTS AND EDUCATIONAL CENTER FOR THE COMMUNITY

Beyond serving as the premier cultural center for the Greater Waterbury Region, serving New Haven, Litchfield, and Fairfield counties, the Palace also provides the highest quality of programs through its comprehensive Arts and Education initiatives.

Not only is it the theater's responsibility to provide programs that are curriculum based and entertaining, it is also its responsibility to ignite in children, a passion for the arts, that encourages creative thought, critical thinking, positive self expression and the desire to continue learning.

Endorsed by the Connecticut Association of Schools, the Palace Theater's Education program does just that. Annually over 15,000 students take part in theater's stage presentations that connect live performance to literature, language arts and relevant social themes. Serving over 25 communities some as far as Bridgeport to our south, Danbury to our west, Winsted to our north and Meriden to our east, the impact the Palace has had on students in Connecticut is far reaching.

PARTICIPANTS IN PALACE THEATER EDUCATIONAL PROGRAMS

| | |
|-------------|-------------|
| Bethlehem | Newtown |
| Bridgeport | Oxford |
| Bristol | Plantsville |
| Colebrook | Ridgefield |
| Danbury | Salem |
| Derby | Seymour |
| Hartford | Southbury |
| Madison | Torrington |
| Meriden | Waterbury |
| Middlefield | West Haven |
| Naugatuck | Winsted |
| New Haven | Wolcott |
| New Milford | |

A core component of the Palace's education program is the theater's on-stage Education Series, which invites schools to the Palace Theater five times a year to reflect on their academic lessons in a majestic venue that encourages thought, laughter and imagination. For many students, a field trip to the Palace is their first experience attending a live theater presentation and an introduction to the performing arts. To date, over 57,000 students have attended Palace Theater Education Series performances.

The Palace Theater Education Series shows are carefully selected to address specific CT State Department of Education Curriculum Standards while demonstrating the highest artistic quality. A selection of past Education Series presentations includes:

- Junie B Jones
- And Then They Came for Me (The Anne Frank Story)
- Mad Science
- A Silent Boy
- Season of Miracles

Utilizing the Framework Standards, dictated by the State Department of Education, all Palace Theater programs are intricately linked through arts and curriculum connections and address pertinent Developmental Assets, thus validating the educational depth of the program. A perfect example of our commitment to our community would be the theater's Ballroom Blitz program.

Ballroom Blitz This program is designed as in-school or after-school program. The qualitative dance workshops teach the disciplines of Swing, Merengue, Tango and Cha-Cha; highlight the history of ballroom and ballet as social dances; and educate students on the cultural importance of these dances. This program typically incorporates an opportunity for the student to attend a Palace Theater dance oriented presentation allowing them the opportunity to witness a live, professional dance production that brings together lessons learned in the workshops, including the importance of teamwork, the value of stage presence, the ability to identify specific dance skills. Designed as a means to validate student dedication and teamwork, this opportunity also creates a learning experience that encompasses lessons on presenting in a public forum, staying focused in an environment of competition and good sportsmanship.

It is programs like this that have dramatic impact on today's students, as the current "teaching to the test" methodology in schools may lack the creative motivation to fully engage students. Thus, venues like the Palace, serve as a perfect compliment to a challenged school systems, and should be actively considered an outlet to further the developmental goals for our children.

Additional examples of the theater's in depth educational and community initiatives include:

Learning in the Wings - a hands-on educational opportunity, where students 15 years and older can have a unique job shadowing and internship experience alongside Palace Theater Staff in the departments of Technical Direction, Backstage, Front of House Management, Box Office Management and Arts Administration.

Palatial News - participating students receive complimentary tickets to a Palace presentation where they act as 'press.' Students sit in a press box, receive media badges and when possible, interview performers, crew and audience members. All stories are posted on the Palace Theater website and will be collected and printed in the Palace Theater Journal at the end of the school year. The student's work is submitted to a local newspaper for potential publication.

Park and Recreation Dance Program- in partnership with the Waterbury Bureau of Recreations, this program titled, *Dancing with Words*, is hosted by the Palace Theater and combines literature and poetry with quality dance/movement training. Students experience the fundamental physical skills needed to practice dance as a life long form of exercise as well as learn to appreciate dance as an art form that can entertain and communicate meaning.

Thought for Food - a civic program created to engage local elementary schools in Hunger Awareness Campaign. In collaboration with ShopRite's (Waterbury and Bristol Stores) *Partners in Caring*, this year-round community-based hunger-fighting initiative, teamed up with the Palace Theater to create a service learning program for elementary school students. Student participants organize a hunger awareness campaigns and/or a can food drive to benefit the local food banks and organizations in need.

Lastly, given the physical and philosophical connection the theater shares with the **Waterbury Arts Magnet School** (WAMS), the Palace works directly with the administration and teaching staff of WAMS to create unique and special opportunities for WAMS middle and high school students. The opportunities include but are not limited to the following:

- Student utilization of the Palace stage as their performance home for their recitals, concerts and theatrical presentations. WAMS students work hand in hand with Palace staff (technical and operational) to create a professional event on the Palace stage.
- Specialized programs, master classes and workshops with touring artists are designed to meet the goals of the WAMS administration, faculty and students as well the Palace staff and the touring productions.

THE PALACE THEATER - AS AN ECONOMIC CATALYST

When the State of Connecticut committed \$30 million dollars to restoring and renovating the Palace Theater, one of the theaters top priorities, beyond providing high quality entertainment, was to serve as a catalyst for the revitalization of downtown Waterbury area by working closely with area businesses and arts organizations to positively impact economic development for the region.

Since its inception the Palace Theater has taken that responsibility quite seriously and has actively worked with area businesses and organizations to stimulate economic growth and an improved perception of the Greater Waterbury Region. Whether working closely with the G.R.E.A.T Restaurant Group (**G**imme a **R**eason to **E**at **A**round **T**own) on promotional dinner and show packages, selling restaurant gift certificates at the Box Office or sending out email blasts to the Palace patron base, this symbiotic relationship between theater and restaurant has resulted in sold out dining rooms, 30% increase in dining activity on show nights and a vibrant post theater dinner and bar scene.

Additionally partnership with the area hotels had resulted in increased overnight stays, at time directly related to the artist and performers but also with day tourist spending a brief overnight stay for convenience sake.

Although the ancillary (indirect) benefit to the area businesses and restaurants is traditionally calculated at the rate of \$21 additional dollars spent in the market per paid admission (565,000 x \$21 = \$12 million), the direct impact the Palace Theater has had on the economy is quite compelling.

Since November 2004, the dollars spent by the Palace Theater with area businesses local and statewide which directly impacts the State of Connecticut, through Business Taxes, Sales Taxes and Employment taxes is significant. To date the Palace Theater has spent the following dollars which have flowed through the State economy:

| | <u>2004 - 2009</u> |
|---|--------------------|
| Advertising services, media outlets (Ex. Rep-Am, Harford Courant, WTHN ...) | \$2,179,000 |
| Promotional agencies and services (Ex. Space Age Copy, WORX Group, Elm Press...) | \$588,000 |
| Catering / Restaurant (Ex. Jordan's Cater, Bayleaf Gourmet, Fascia's...) | \$197,000 |
| Local businesses (Ex. Associated Locks, ABC Sign, Gateway Limo...) | \$867,000 |
| Connecticut Businesses (Servus Management, Star Distributors, Kaestle Boos) | \$2,817,000 |
| Taxes Entertainment Withholding | \$157,000 |
| Police / Fire Service | \$438,000 |
| Sales Use and Tax | \$58,000 |

As an employer the Palace Theater employs the following number of people, all of which have State Income Tax withheld.

Number of Palace Theater Employees

| | |
|---------------------|-----|
| Full Time | 14 |
| Part-Time | 50 |
| Seasonal Stagehands | 190 |

| | |
|---|-------------|
| Average Annual Payroll | \$1,300,000 |
| Total Payroll to Date (Nov. 2004 – Jan. 2009) | \$5,111,000 |

THE PALACE THEATER- AS A COMMUNITY ARTS LEADER AND PARTNER

In addition to presenting high quality entertainment, providing valuable arts and education programs, serving as a catalyst to the community, the Palace Theater also has embraced the concept of being a true community leader in the arts and an active partner with many outside organizations.

The most notable partnership for the Palace is its role as the primary funder or the Greater Waterbury Arts and Culture Collaborative (ACC). Endorsed by the CT Commission on Culture and Tourism the ACC serves as the Greater Waterbury's Arts Council providing marketing and promotional support to all the local arts groups of the 23 surrounding towns. Given its position as the arts leader in the community, the Palace has voluntarily placed a \$.25 ticket fee on the price of all paid admissions which goes directly to fund the ACC. To date the Palace has generated over \$59,000 to support and underwrite the ACC for the benefit of all the arts organizations in the surrounding communities. This voluntary ticket surcharge is the only one of its kind within the State and represents the commitment the Palace has to improving

the arts landscape of its community and the betterment of others art organizations as well.

Additional Arts Partnerships include:

- Summer Stock Collaborations with Seven Angels Theatre
- Off Site Family Programming at Quassy Amusement Park
- Reduced rental rates and promotions support to many local arts organizations including:
 - Waterbury Symphony
 - Waterbury Choral
 - Shakesperience Productions

These partnerships highlight just some of the ways the Palace serves as an arts leader in its community and beyond.

RATIONALE FOR CONTINUED SUPPORT

On behalf of the Palace Theater in Waterbury Connecticut, I would like to take this opportunity to express my appreciation for the difficult decisions this committee faces. As proposed in the Governor's November 24th Deficit Mitigation Plan, the Palace Theater like many other arts and cultural organizations is slated to experience an additional 35% decrease in State support, on top of the 5% rescission that already took place, above and beyond the original 10% reduction from last years allocation. In total, the proposed reduction in funds to the Palace Theater over this one year period of time is approximately \$210,000 or 18% of its contributed income.

Proudly, the Palace has worked to significantly reduce its level of dependence on State support, by increasing its own corporate, individual and foundation fundraising efforts. And in just three years, from 2005-2008, the Palace has been able to mitigate the dramatic \$385,000 reduction of State support while actively striving to build a break-even/self-sufficient organization. Unfortunately, the largest challenge for the Palace Theater lies in this current fiscal year 2009-2010; where in response to the faltering economy, the Palace has already incorporated a staff-furlough program and an extensive expense reduction plan to meet its 09-10 budget, which was originally based on the August 2009 State budget inclusive of \$427,500 in State support. Now with the Governor's 5% rescission taking place and the potential of another 35% cut, the Palace's ability to yet again absorb these additional cuts seems unlikely without significantly impacting the nature of our business with staff layoffs (State unemployment increases), resulting in reduced programs (quality of life decreases). This downward trend will just continue a lack of consumer confidence and will further the State from its ultimate goal of getting back on a positive track.

It is widely believed that in order to stimulate a lagging economy, important economic drivers such as the Palace Theater, should not see funding cut, but should further be supported as its positive economic impact is far reaching and long standing. Consider the Palace:

- which employs 250 full-time, part-time and seasonal workers
- welcomes annually 130,000 patrons to its venue
- provides high quality arts and educational programs to the general public and to its area schools

- has been directly responsible for a 30% increase in restaurant activity in the Greater Waterbury area
- annually generates over \$2 million dollars in ancillary revenue in its surrounding community, \$15 million since its doors opened in 2004
- and has significantly improved the quality of life in the Greater Waterbury, New Haven, Fairfield and Litchfield counties

When you consider what will help foster positive economic growth, arts and cultural institutions, such as the Palace, are very effectively achieving this important goal.

Should further funding reductions be implemented, the Palace would be required, beyond its furlough program, to actually eliminate staff positions, reduce its programmatic objectives and cut back on its arts and educational initiatives. This significant course of action would continue the State negative trend and stifle growth and hopes of a speedy recovery. As we are all working together to survive this financial and economic crisis, and as you consider the budgetary challenges ahead, please keep in mind that in order to break this downward spiral we need to take leadership action that causes a positive catalyst to improving our current position. Continuing to support the arts and the Palace is one of those steps that could help stabilize our economy.

The Palace Theater has always believed that self sufficiency from State support was/is in its best interest. Yet the Palace also always believed that time and commitment from the State on creating a viable plan for reduction of support would best insure the State's \$30 million investment in the Palace Theater. The implementation of mid- year budget reductions (such as what is being proposed) comes with it incredible risk and volatility, as most organizations such as the Palace have already budgeted for programs and have made commitments to fulfill their organizational missions. The proposed time of these reductions, does not allow the Palace the ability to plan accordingly for such a significant drop in financial support.

The Palace would welcome the conversation with this committee to discuss budgetary changes and alterations for the following fiscal year, allowing us to adequately budget and plan for our long term success not insure our failure.

Again I thank you for you continued support and hope that you agree that the Palace Theater, beyond its large stage productions, its educational initiatives is an economic asset that needs to be protected. My hope is that we can continue to rely on support from the State and the legislative body, prevent and further funding reductions.

Thank you,

Frank Tavera
 Chief Executive Officer
 Palace Theater
 100 East Main Street
 Waterbury, CT 06702
 203-346-2007
tavera@palacetheaterct.org